



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

October 12, 2009
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Ms. Kathy Zwart, Director
Santa Cruz County Workforce Investment Board
1000 Emeline Avenue
Santa Cruz, CA 95060

Dear Ms. Zwart:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Santa Cruz County Local Workforce Investment Area's (Santa Cruz County LWIA) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Molly Maloney from August 10, 2009, through August 13, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Santa Cruz County LWIA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of Santa Cruz County LWIA, a review of applicable policies and procedures, and a review of documentation retained by Santa Cruz County LWIA for a sample of expenditures and procurements for PY 2008-09.

BACKGROUND

The Santa Cruz County LWIA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, Santa Cruz County LWIA was allocated: \$1,029,068 to serve 327 adult participants; \$1,202,038 to serve 251 youth participants; and \$1,031,836 to serve 258 dislocated worker participants.

For the quarter ending June 2009, Santa Cruz County LWIA reported the following expenditures and enrollments for its WIA programs: \$894,005 to serve 277 adult participants; \$1,056,700 to serve 254 youth participants; and \$930,274 to serve 208 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that, overall, Santa Cruz County LWIA is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

We conclude that, overall, Santa Cruz County LWIA is meeting applicable WIA requirements concerning procurement.

This report contains no findings or concerns; therefore, we are issuing this report as the final report.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is Santa Cruz County LWIA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Santa Cruz County LWIA's responsibility.

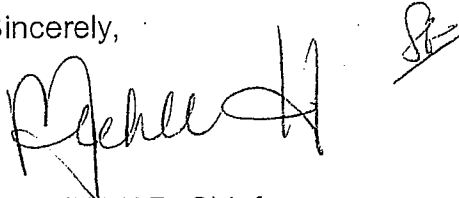
Ms. Kathy Zwart

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Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized flourish at the end. To the right of the signature is a small, separate handwritten mark that looks like "SE".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Dathan O. Moore, MIC 50
Doug Orlando, MIC 50
Daniel Patterson, MIC 45